

News Release

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Program Announcement

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USDA ANNOUNCES PREVAILING WORLD MARKET PRICE AND USER MARKETING CERTIFICATE PAYMENT RATE FOR UPLAND COTTON

WASHINGTON, February 12, 1998 -- Bruce R. Weber, acting executive vice president of USDA's Commodity Credit Corporation, today announced the prevailing world market prices, adjusted to U.S. quality and location (adjusted world price or AWP), for Strict Low Middling (SLM) 1-1/16 inch (leaf grade 4, micronaire 3.5-3.6 and 4.3-4.9, strength 24-25 grams per tex) upland cotton (base quality), and the coarse count adjustments (CCA) in effect from 5:00 p.m. today through 3:59 p.m. Thursday, February 19. The user marketing certificate (Step 2) payment rate in effect from 12:01 a.m. Friday, February 13 through midnight Thursday, February 19 is 4.91 cents per pound.

The Federal Agriculture Improvement and Reform Act of 1996 provides that the AWP may be further adjusted if: 1) the AWP is less than 115 percent of the current crop year loan rate for base quality upland cotton, and 2) the USNE price exceeds the NE price. This week, both conditions for this adjustment have been met, and it has been determined that this further adjustment to the AWP shall be 0.0 cents per pound.

This week's AWP and CCA are determined as follows:

Adjusted World Price

NE Price	69.39
Adjustments:	
Avg. U.S. spot market location	12.08
SLM 1-1/16 inch cotton	1.90
Avg. U.S. location	0.14
Sum of Adjustments	- 14.12
ADJUSTED WORLD PRICE	55.27 cents/lb.

Coarse Count Adjustment

NE Price	69.39
NE Coarse Count Price	-68.00
	1.39
Adjustment to SLM 1-1/32 inch cotton	- 3.70
COARSE COUNT ADJUSTMENT	
(Cannot be less than zero).....	0.00 cents/lb.

-more-

The AWP announced today reflects a recalculation of the adjustment for average U.S. spot market location. The average cost of transporting cotton from an average U.S. location to Northern Europe was previously estimated at 14.34 cents per pound and is now estimated at 14.20 cents per pound.

Because the AWP for the period exceeds 51.92 cents per pound which is the base quality loan rate, the loan repayment rate during this period is equal to the loan rate, adjusted for the specific quality and location plus applicable interest and storage charges.

Step 2 payments are provided this week because, for four consecutive weeks, the USNE price has exceeded the NE price by more than 1.25 cents per pound and the AWP has not exceeded 130 percent of the loan rate for upland cotton. Relevant data for the Step 2 program follow:

		AWP as %			USNE	
	Fri/Thur	of 1997			Less	Step 2
	Period	Loan	USNE	NE	NE Price	
Week	Ending	Rate 1/	Price	Price		Rate
		 cents/lb			
1	1/22/98	109.2	74.80	70.90	3.90	2.65
2	1/29/98	106.6	74.05	69.58	4.47	3.22
3	2/5/98	106.5	75.25	69.52	5.73	4.48
4	2/12/98	106.5	75.55	69.39	6.16	4.91

1/ The marketing year 1997 loan rate is 51.92 cents per pound.

The next announcement of the AWP, CCA and user marketing certificate payment rate will occur on Thursday, February 19 at 5 p.m.

Further program information is available from Wayne Bjorlie,
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